

§ 206.1

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AUTHORITY: 12 U.S.C. 1715b, 1715z–1720; 42 U.S.C. 3535(d).

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Subpart A—General

§ 206.1 Purpose.

The purposes of the Home Equity Conversion Mortgage Insurance program are set out in section 255(a) of the National Housing Act, Public Law 73–479, 48 STAT. 1246 (12 U.S.C. 1715z–20) (“NHA”).

[61 FR 49032, Sept. 17, 1996]

§ 206.3 Definitions.

As used in this part, the following terms shall have the meaning indicated.

Contract of insurance. (See 24 CFR 203.251(j)).

Day means calendar day, except where the term *business day* is used.

Expected average mortgage interest rate means the mortgage interest rate used to calculate future payments to the mortgagor and is established when the mortgage interest rate is established. For fixed rate mortgages, it is the fixed mortgage interest rate. For adjustable rate mortgages, it is the sum of the mortgagee’s margin plus the weekly average yield for U.S. Treasury Securities adjusted to a constant maturity of 10 years. The mortgagee’s margin is defined as the initial mortgage interest rate minus the weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of one year. The mortgagee’s margin is the same margin used to determine periodic adjustments to the interest rate.

Insured mortgage means a mortgage which has been insured as evidenced by the issuance of a mortgage insurance certificate.

Maximum claim amount means the lesser of the appraised value of the property or maximum dollar amount for an area established by the Secretary for a one-family residence under section 203(b)(2) of the National Housing Act (as adjusted where applicable under section 214 of the National Housing Act). Both the appraised value and the maximum dollar amount for the area shall be as of the date the Direct Endorsement underwriter receives the appraisal report. Closing costs shall not be taken into account in determining appraised value.

MIP. (See 24 CFR 203.251(k)).

Mortgage means a first lien on real estate under the laws of the jurisdiction where the real estate is located. If the dwelling unit is in a condominium, the term *mortgage* means a first lien covering a fee interest or eligible leasehold interest in a one-family unit in a condominium project, together with an undivided interest in the common areas and facilities serving the project, and such restricted common areas and facilities as may be designated. The term refers to a security instrument creating a lien, whether called a *mortgage*, *deed of trust*, *security deed*, or another term used in a particular jurisdiction. The term *mortgage* also includes the credit instrument, or note,